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## CONTRACTUAL ARRANGEMENTS

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### OVERVIEW

Foreign investment activities in the PRC now are mainly governed by the Industry Guidelines on Encouraged Foreign Investment (2019) (《鼓勵外商投資產業目錄(2019年版)》) and the *Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020)*(《外商投資准入特別管理措施(負面清單)(2020年版)》) (the “**Relevant PRC Regulations**”), promulgated jointly by the MOFCOM and the NDRC, pursuant to which the industries listed therein are divided into three categories in terms of foreign investment, namely, “encouraged” “permitted” and “prohibited”. According to the Relevant PRC Regulations, foreign investment is prohibited in the development and application of gene diagnostic and therapeutic technologies.

Our Group engages in the clinical trial of CAR-T therapies (the “**Relevant Businesses**”), which involve the development and application of gene diagnostic and therapeutic technologies, and therefore fall into the scope of the “prohibited” category of the Relevant PRC Regulations. As such, we currently do not directly or indirectly hold any equity interest in our Consolidated Affiliated Entities which are involved in the Relevant Businesses.

In order to comply with the PRC laws and regulations and maintain effective control over the Relevant Businesses, we, through our wholly-owned subsidiary, JW Shanghai, entered into the Contractual Arrangements with Shanghai Ju Ming and its relevant shareholders, pursuant to which JW Shanghai acquired effective control over the financial and operational policies of our Consolidated Affiliated Entities and has become entitled to all the economic benefits derived from their operations. In light of the foregoing reasons, we believe that the Contractual Arrangements are narrowly tailored as they are used to enable our Group to conduct businesses in the field that are subject to foreign investment prohibitions in the PRC.

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into among JW Shanghai, Shanghai Ju Ming, and the Registered Shareholders; (ii) by entering into the Exclusive Business Cooperation Agreements (as defined below) dated November 2, 2017 and July 29, 2020 with JW Shanghai, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the Global Offering; and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

We, through our wholly-owned subsidiary, JW Shanghai first entered into a series of contractual arrangements, with Shanghai Ju Ming and each of its then shareholders, Ms. Jing Lv (呂晶), an employee of our Group and Ms. Wei Zhao (趙瑋), an employee of WXAT Shanghai (collectively, the “**Former Shareholders**”) on November 2, 2017 (the “**Former Contractual Arrangements**”). Due to the change in one of the shareholders of Shanghai Ju Ming from Ms. Wei Zhao to Ms. Xing Gao (高星), a non-executive Director of our Company, the Former Contractual

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Arrangements that relate to Ms. Wei Zhao were terminated on July 28, 2020 and we entered into a series of new contractual arrangements with Shanghai Ju Ming and Ms. Xing Gao on July 29, 2020, which their terms and conditions substantially the same as those of the Former Contractual Arrangements, save for the identity of the new shareholder of Shanghai Ju Ming and other corresponding changes made for entering into the new contractual arrangements.

In preparation for the Listing, we entered into a series of supplemental contractual arrangements with Shanghai Ju Ming and each of the Registered Shareholders on July 29, 2020. Key amendments made in the supplemental contractual arrangements are intended to comply with the Listing Rules which mainly include:

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<b>Former Contractual Arrangements</b>	<b>Supplemental Contractual Arrangements</b>
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**Dispute Resolution Clause in Each Agreement<sup>(1)</sup>**

In the event of any dispute arising out of or in relation to such agreement, the parties shall first resolve such dispute through friendly negotiation, failing which the parties may submit the dispute to China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) (“CIETAC”) for arbitration. However, the Former Contractual Arrangements are silent on the remedies that the arbitrators may grant and the competent courts with powers to grant interim remedies.

Arbitrators may award remedies over the equity interests or assets of our Consolidated Affiliated Entities and courts of competent jurisdiction may grant interim remedies over the equity interests or assets of our Consolidated Affiliated Entities.

**Exclusive Option Agreement**

JW Shanghai is entitled to an irrevocable and exclusive right to acquire the equity interests in Shanghai Ju Ming from its then registered shareholders by JW Shanghai or its designee(s).

JW Shanghai is entitled to an irrevocable and exclusive right to acquire the equity interests in our Consolidated Affiliated Entities from the Registered Shareholders and/or to acquire the assets of our Consolidated Affiliated Entities by JW Shanghai or its designee(s).

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*Note:*

- (1) Except the spouse undertaking of the relevant Former Shareholder under the Former Contractual Arrangements and the spouse undertaking of the relevant Registered Shareholder under the supplemental contractual arrangements.

Such changes are made in order to fully comply with the Listing Rules, to further strengthen our Group’s control over our Consolidated Affiliated Entities and to perfect the rights conferred upon our Group over the economic benefits of our Consolidated Affiliated Entities.

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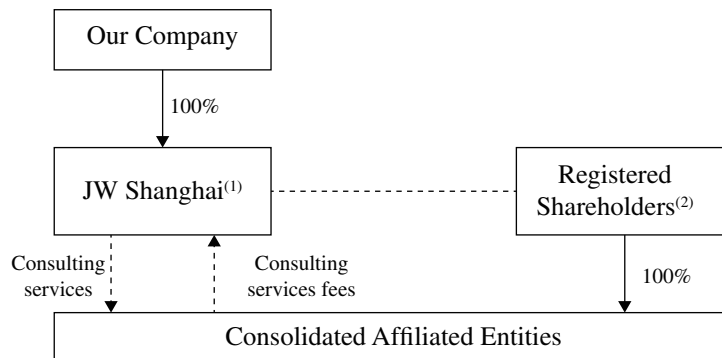
## CONTRACTUAL ARRANGEMENTS

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We will unwind and terminate the Contractual Arrangements wholly or partially once the Relevant Businesses are no longer prohibited or restricted from foreign investment. We will directly hold the maximum percentage of ownership interests permissible under the relevant PRC laws and regulations if such businesses are allowed to be conducted by foreign investment entities under the relevant PRC laws and regulations.

### CONTRACTUAL ARRANGEMENTS

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



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*Notes:*

“→” denotes legal and beneficial ownership in the equity interest.

“- →” denotes contractual relationship through the Exclusive Business Cooperation Agreements.

“- -” denotes the control by JW Shanghai over our Consolidated Affiliated Entities through (i) powers of attorney to exercise all shareholders’ rights in Shanghai Ju Ming; (ii) exclusive options to acquire all or part of the equity interest and/or assets in our Consolidated Affiliated Entities; and (iii) equity pledges over the equity interest in Shanghai Ju Ming.

(1) As of the Latest Practicable Date, JW Shanghai was wholly-owned by JW Hong Kong which was in turn wholly-owned by our Company.

(2) As of the Latest Practicable Date, Shanghai Ju Ming was held by its Registered Shareholders, as to 50% by Ms. Jing Lv and 50% by Ms. Xing Gao, respectively.

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### Exclusive Business Cooperation Agreements

JW Shanghai and Shanghai Ju Ming entered into the exclusive business cooperation agreement on November 2, 2017 and the supplemental exclusive business cooperation agreements on July 29, 2020 and on September 15, 2020 (collectively, the “**Exclusive Business Cooperation Agreements**”), pursuant to which our Consolidated Affiliated Entities agreed to engage JW Shanghai as its exclusive provider of technical support, consulting services, and other related services, including but not limited to (i) software and technology licensing, (ii) technical services, (iii) network support, (iv) human resource support, (v) collection and research of technology and market information, (vi) business and management consultation, (vii) marketing and promotional services, (viii) development and testing of new products, (ix) equipment or properties leasing and (x) other related services requested by our Consolidated Affiliated Entities from time to time to the extent permitted under PRC law.

Pursuant to the Exclusive Business Cooperation Agreements, the service fee shall be paid on annual basis or any other timing as separately agreed between JW Shanghai and our Consolidated Affiliated Entities. The annual service fees shall consist of a management fee and a fee for services provided, which shall be reasonably determined by JW Shanghai based on certain factors, including, among other things, complexity and difficulty of such services, time commitment to such services, actual service scope, the market price of the same type of services and the operation conditions of Consolidated Affiliated Entities. In addition, the service fee shall be at a reasonable level in accordance with the nature of the services and shall consist of 100% of the total consolidated profit of the Consolidated Affiliated Entities, after deduction of any accumulated deficit in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions. Apart from the service fee, if JW Shanghai transfers, licenses or develops technology for our Consolidated Affiliated Entities, or leases equipment or properties to our Consolidated Affiliated Entities, such fee shall be determined by JW Shanghai and our Consolidated Affiliated Entities separately.

In addition, pursuant to the Exclusive Business Cooperation Agreements, without the prior consent of JW Shanghai, during the term of the Exclusive Business Cooperation Agreements, our Consolidated Affiliated Entities shall not directly or indirectly accept any same or similar service provided by any third party and shall not establish same or similar cooperation relationships with any third party.

The Exclusive Business Cooperation Agreements also provide that JW Shanghai has the exclusive proprietary rights and interests in any and all intellectual property rights created or developed by JW Shanghai or our Consolidated Affiliated Entities during the performance of the Exclusive Business Cooperation Agreements.

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The Exclusive Business Cooperation Agreements are for an initial term of 30 years and is automatically extended for another 30 years upon expiry, unless terminated by JW Shanghai in writing before the expiration. During the term of the Exclusive Business Cooperation Agreements, they shall be terminated upon the expiration of the operation term of our Consolidated Affiliated Entities or JW Shanghai if the application for the renewal of their operation term is not approved by the competent government authorities.

### **Powers of Attorney**

JW Shanghai, Shanghai Ju Ming and Ms. Jing Lv entered into the power of attorney on November 2, 2017. JW Shanghai, Shanghai Ju Ming and Ms. Xing Gao entered into the power of attorney on July 29, 2020. Each of JW Shanghai, Shanghai Ju Ming and the Registered Shareholders entered into the supplemental powers of attorney on July 29, 2020 (collectively, the “**Powers of Attorney**”). Pursuant to the Powers of Attorney, each of the Registered Shareholders irrevocably and exclusively grant JW Shanghai or its designee(s) (being the directors of JW Shanghai’s direct or indirect offshore parent company and liquidators and other successors replacing such directors) the power to exercise all rights of the Registered Shareholders as set out in the then-valid articles of association of Shanghai Ju Ming and relevant laws and regulations, including but not limited to the rights:

- (i) to convene and attend shareholders’ meeting;
- (ii) to exercise all the shareholders’ rights and shareholders’ voting rights pursuant to the relevant PRC laws and regulations and the articles of association of Shanghai Ju Ming;
- (iii) to handle the sale, transfer, pledge, or disposal of all or part of the equity interest in Shanghai Ju Ming;
- (iv) to execute any resolutions and minutes as a shareholder of Shanghai Ju Ming and to file any required document to relevant government authorities;
- (v) on behalf of the Registered Shareholders, to nominate, elect, designate, appoint or remove the legal representative, directors, supervisors, general managers, chief executive officer and other senior management members of Shanghai Ju Ming;
- (vi) to approve the amendments to the articles of association of Shanghai Ju Ming; and
- (vii) to deal with any asset of Shanghai Ju Ming, including but not limited to managing its asset-related business and accessing and acquiring its revenue and assets.

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The Powers of Attorney shall remain effective from the date of signing until the Registered Shareholder ceases to be the shareholder of Shanghai Ju Ming.

The Registered Shareholders undertake that the authorization and entrustment under the Powers of Attorney will not cause any actual or potential conflict of interest with JW Shanghai and/or its trustees. If there is any conflict of interest with JW Shanghai and other members of our Group, the Registered Shareholders shall prioritize to protect and will hold harmless of JW Shanghai or any member of our Group. Where the Registered Shareholders are the directors or senior management of JW Shanghai or JW Shanghai's direct or indirect offshore parent company, the rights in relation to the Powers of Attorney will be granted to other directors or senior management of JW Shanghai or JW Shanghai's direct or indirect offshore parent company. The Registered Shareholders shall not take or omit to take any actions which may cause a conflict of interest with JW Shanghai or its shareholders, nor the Registered Shareholders shall execute any agreement or make any relevant commitments which has the conflict of interest with any agreement signed or being performed by Shanghai Ju Ming, JW Shanghai or its designee(s).

### **Exclusive Option Agreements**

JW Shanghai, Shanghai Ju Ming and Ms. Jing Lv entered into the exclusive option agreement on November 2, 2017. JW Shanghai, Shanghai Ju Ming and Ms. Xing Gao entered into the exclusive option agreement on July 29, 2020. Each of JW Shanghai, Shanghai Ju Ming and the Registered Shareholders entered into the supplemental exclusive option agreement on July 29, 2020 (collectively, the “**Exclusive Option Agreements**”), pursuant to which the Registered Shareholders and Shanghai Ju Ming irrevocably and unconditionally granted JW Shanghai irrevocable and exclusive rights (the “**Exclusive Option Rights**”), provided that it is permitted under the PRC laws and regulations, to acquire the equity interest in our Consolidated Affiliated Entities from the Registered Shareholders and Shanghai Ju Ming and/or to acquire the assets of our Consolidated Affiliated Entities by JW Shanghai or its designee(s), in whole or in part at any time at the sole and absolute discretion of JW Shanghai.

The equity interest purchase price shall be equal to the amount of registered capital contributed in our Consolidated Affiliated Entities by their shareholders respectively or any other amount as separately agreed between JW Shanghai or its designee(s) and the Registered Shareholders, or the minimum price legally required under the PRC laws and regulations if such minimum price is higher than the aforementioned purchase price. The purchase price received by the Registered Shareholders shall be used to offset their respective loan due to JW Shanghai under the Loan Agreements (as defined below) (the “**Offset Debts**”). If PRC laws impose mandatory requirements on the equity interest purchase price, such that the minimum equity interest purchase price permitted under PRC laws exceeds the price already offset with the Offset Debts, the

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Registered Shareholders shall promptly gift all of the amount exceeding the Offset Debts they received to JW Shanghai or its designee(s) in the manner permitted under the applicable PRC laws. For further details, please see “— Loan Agreements” in this section.

The asset purchase price shall be free or at a nominal price or the minimum price legally required under the PRC laws and regulations. Upon the assets being duly transferred to JW Shanghai or its designee(s) and after deducting necessary tax expenses, JW Shanghai or its designee(s) shall pay the consideration within seven days to the designated bank accounts of our Consolidated Affiliated Entities. Our Consolidated Affiliated Entities has also undertaken that, subject to the relevant PRC laws and regulations, they will return to JW Shanghai or its designee(s) any consideration they received within seven days in the event that JW Shanghai exercises the Exclusive Option Rights to acquire the assets of our Consolidated Affiliated Entities. If such return is not permissible under the PRC laws, the returned consideration will be in escrow by our Consolidated Affiliated Entities for JW Shanghai and our Consolidated Affiliated Entities shall cooperate with JW Shanghai to sign a custody agreement or other relevant legal documents.

Pursuant to the Exclusive Option Agreements, our Consolidated Affiliated Entities and the Registered Shareholders, covenant, among other things, that:

- (i) without the prior consent of JW Shanghai, they shall not supplement, change, or amend the articles of association of our Consolidated Affiliated Entities, or increase or reduce the registered capital of our Consolidated Affiliated Entities, or otherwise change the structure of the registered capital of our Consolidated Affiliated Entities;
- (ii) they shall maintain the corporate existence of our Consolidated Affiliated Entities in accordance with the good financial and business standards and practices;
- (iii) without the prior consent of JW Shanghai, they shall not sell, transfer, mortgage or dispose of any material assets or legal or beneficial interest in the material business or revenues of our Consolidated Affiliated Entities, or allow to place encumbrances thereon;
- (iv) without the prior consent of JW Shanghai, our Consolidated Affiliated Entities shall not incur, inherit, guarantee or suffer any debt, unless the debts incurred in the ordinary course of business other than through loans;
- (v) they shall operate our Consolidated Affiliated Entities in the ordinary course of business so as to maintain our Consolidated Affiliated Entities’ asset value, and shall not take or omit to take any actions which may adversely affect the operating status and asset value of our Consolidated Affiliated Entities;

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- (vi) without the prior consent of JW Shanghai, our Consolidated Affiliated Entities shall not enter into any material contracts other than in the ordinary course of business;
- (vii) without the prior consent of JW Shanghai, our Consolidated Affiliated Entities shall not provide any person with any loan or credit;
- (viii) upon request of JW Shanghai, they shall provide JW Shanghai with information regarding the operations and financial condition of our Consolidated Affiliated Entities;
- (ix) our Consolidated Affiliated Entities shall purchase and maintain insurance over the assets and business of our Consolidated Affiliated Entities from an insurance carrier acceptable to JW Shanghai, at an amount and type of coverage typical for companies carrying on similar businesses;
- (x) without the prior written consent of JW Shanghai, our Consolidated Affiliated Entities shall not merge, consolidate with, acquire or invest in any person;
- (xi) they shall immediately inform JW Shanghai if assets, business, revenue or equity interest of our Consolidated Affiliated Entities involve in any litigation, arbitration or administrative proceeding;
- (xii) our Consolidated Affiliated Entities shall sign all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints, and raise necessary and appropriate defenses against all claims to maintain the ownership of their assets;
- (xiii) without the prior written consent of JW Shanghai, they shall not distribute any dividend to its shareholders. However, upon request of JW Shanghai, our Consolidated Affiliated Entities shall immediately distribute all distributable profits to their shareholders;
- (xiv) at the request of JW Shanghai, they shall appoint any persons designated by JW Shanghai as the director or executive director of our Consolidated Affiliated Entities;
- (xv) without the prior consent of JW Shanghai, they shall not engage in any business in competition with JW Shanghai or its affiliates;
- (xvi) without written consent of JW Shanghai, our Consolidated Affiliated Entities shall not be dissolved or liquidated, unless otherwise mandatorily required by the PRC laws;



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- (xvii) once foreign investors are permitted to invest in the principal business of our Consolidated Affiliated Entities in China, and the competent government authorities of China begin to approve such investments, upon JW Shanghai's exercise of this option, the Registered Shareholders shall immediately transfer to JW Shanghai or its designee(s) the equity interest in our Consolidated Affiliated Entities held by them; and
- (xviii) they shall procure the subsidiary and any subsidiary subsequently established, acquired or actually controlled by our Consolidated Affiliated Entities to exercise rights and perform the same obligations as our Consolidated Affiliated Entities and comply with covenants made by our Consolidated Affiliated Entities in accordance with the Exclusive Option Agreements.

The Exclusive Option Agreements shall remain effective from the date of signing until the transfer of the entire equity interest held by the Registered Shareholders and/or the transfer of all the assets of our Consolidated Affiliated Entities to JW Shanghai and/or its designated person.

### **Loan Agreements**

As part of the Contractual Arrangements, JW Shanghai entered into the loan agreement with Ms. Jing Lv on November 2, 2017. JW Shanghai entered into the loan agreement with Ms. Xing Gao on July 29, 2020. JW Shanghai entered into the supplemental loan agreement with each of the Registered Shareholders on July 29, 2020 (collectively, the "**Loan Agreements**"), pursuant to which JW Shanghai agreed to lend each Registered Shareholder RMB500,000 (the "**Loans**") for capital contribution to Shanghai Ju Ming or for the payment of the consideration of the equity interest of Shanghai Ju Ming. Such Loans will become immediately due and payable under any of the following circumstances: (i) 30 days after the Registered Shareholders receives a written notice from JW Shanghai requesting repayment of the Loan (and all interest thereon); (ii) death, lack or limitation of civil capacity of the Registered Shareholders; (iii) the Registered Shareholders cease to be a shareholder of Shanghai Ju Ming; (iv) the Registered Shareholders engage in criminal act or is involved in criminal activities; (v) once foreign investors are permitted to invest in the Relevant Businesses in China, with a controlling stake and/or in the form of wholly foreign-owned enterprises, and the competent government authorities of China begin to approve such investments; or the Registered Shareholders or Shanghai Ju Ming breach of the representations, warranties, covenants or other obligations under the Exclusive Option Agreements; and (vi) Shanghai Ju Ming failed to obtain or renew any governmental approval or license necessary for the operation of its core business.

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### Equity Interest Pledge Agreements

JW Shanghai, Shanghai Ju Ming and Ms. Jing Lv entered into the equity interest pledge agreement on November 2, 2017. JW Shanghai, Shanghai Ming Ju and Ms. Xing Gao entered into the equity interest pledge agreement on July 29, 2020. Each of JW Shanghai, Shanghai Ju Ming and the Registered Shareholders entered into the supplemental equity interest pledge agreement on July 29, 2020 (collectively, the “**Equity Interest Pledge Agreements**”), pursuant to which each of the Registered Shareholders agreed to pledge all of their respective equity interest in Shanghai Ju Ming to JW Shanghai as a security for their and Shanghai Ju Ming’s performance of the contractual obligations under the Contractual Arrangements.

Under the Equity Interest Pledge Agreements, the Registered Shareholders agree that, the rights of JW Shanghai with respect to the pledge thereunder shall not be interrupted or harmed by the Registered Shareholders or their successors, heirs or representatives, or any other persons through any legal proceedings. If Shanghai Ju Ming declares any dividend during the term of the pledge, JW Shanghai is entitled to receive all such dividends distributed on the pledged equity interest, if any. In addition, pursuant to the Equity Interest Pledge Agreements, each of the Registered Shareholders has undertaken to JW Shanghai, among other things, not to transfer the interest in their respective equity interest in Shanghai Ju Ming or allow any encumbrance to be placed thereon without the prior written consent of JW Shanghai.

The equity pledge takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until after all the contractual obligations of the Registered Shareholders and Shanghai Ju Ming under the Contractual Arrangements have been fully performed and all the losses suffered by JW Shanghai arising as a result of any event of default of the Registered Shareholders and/or Shanghai Ju Ming under the Contractual Arrangements has been fully paid. As of the Latest Practicable Date, we have registered the equity pledges under the Equity Interest Pledge Agreements of Ms. Jing Lv and Ms. Xing Gao with the relevant PRC governmental authority in accordance with PRC laws and regulations.

Upon the occurrence and during the continuance of an event of default (as defined in the Equity Interest Pledge Agreements), JW Shanghai shall have the right to exercise all remedy measure under the applicable PRC laws, the Contractual Arrangements and the Equity Interest Pledge Agreements, including without limitations, being paid in priority with the equity interest based on the monetary valuation that such equity interest are converted into or from the proceeds from auction or sale of the equity interest upon written notice to the Registered Shareholders.

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### Spouse Undertaking

The spouse of the relevant Registered Shareholders has executed an undertaking (the “**Spouse Undertaking**”), to the effect that (i) he acknowledges and consents the execution of the Contractual Arrangements by the respective Registered Shareholder, and the performance, amendments and termination of the Contractual Arrangements do not require his further authorization or consents; (ii) he undertakes not to make any assertions in connection with the equity interest of Shanghai Ju Ming held by the respective Registered Shareholder; (iii) he undertakes to execute all necessary documents and to take all necessary actions to ensure the proper performance of the Contractual Arrangements; and (iv) in the event that he obtains any interests in Shanghai Ju Ming, he shall be bound by the Contractual Arrangements and comply with the obligations thereunder as a shareholder of Shanghai Ju Ming, and upon JW Shanghai’s request, he shall sign any document in the form and content substantially same as the Contractual Arrangements.

### Dispute Resolution

In the event of any dispute with respect to the construction and performance of the provisions, each of the Contractual Arrangements (except the Spouse Undertaking) stipulates that:

- (i) the parties shall first resolve the dispute through friendly negotiations;
- (ii) in the event the parties fail to reach an agreement on the dispute within 30 days following a negotiation request, any party may submit the relevant dispute to the CIETAC (Shanghai International Arbitration Center) (中國國際經濟貿易仲裁委員會(上海國際仲裁中心)), in accordance with the then effective arbitration rules of the arbitration commission. The arbitration shall be conducted in Shanghai. The arbitration award shall be final and binding on all parties;
- (iii) the arbitral tribunal may award remedies over the equity interest, assets or property rights of our Consolidated Affiliated Entities, injunctive relief or order the winding up of our Consolidated Affiliated Entities; and
- (iv) upon the request by any party, the courts of competent jurisdictions shall have the power to grant interim remedies before making a final ruling on the dispute. The courts of Hong Kong, the Cayman Islands or other courts with jurisdiction, including but not limited to the place where our Consolidated Affiliated Entities established or the place where the principal assets of JW Shanghai and our Consolidated Affiliated Entities are located shall be considered as having jurisdiction for the above purposes.

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In connection with the dispute resolution method as set out in the Contractual Arrangements and the practical consequences, we are advised by our PRC Legal Advisor that:

- (i) a tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of our Consolidated Affiliated Entities pursuant to current PRC laws; and
- (ii) in addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that our Consolidated Affiliated Entities or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. For further details, please see the section headed “Risk Factors — Risks Relating to Contractual Arrangements” in this prospectus.

### **Succession**

Pursuant to the Contractual Arrangements, the Registered Shareholders undertake to JW Shanghai that, in the event of death, incapacity, marriage, divorce or other circumstances which may affect the Registered Shareholder’s equity interest in Shanghai Ju Ming, the Registered Shareholder’s respective successor will be deemed as the signing party to the Contractual Arrangements and be obliged to the rights and liabilities under the Contractual Arrangements.

### **Liquidation**

Pursuant to the Exclusive Option Agreements, in the event of a dissolution or liquidation of our Consolidated Affiliated Entities required by the PRC laws, the Registered Shareholders shall give the proceeds they received from the dissolution or liquidation to JW Shanghai or its designee(s) as part of the service fee under the Exclusive Business Cooperation Agreements to the extent permitted by the PRC laws.

### **Conflicts of Interests**

Each of the Registered Shareholders has given their irrevocable undertakings in the Powers of Attorney which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. For further details, please see “— Powers of Attorney” in this section.

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## **CONTRACTUAL ARRANGEMENTS**

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### **Loss Sharing**

None of the agreements constituting the Contractual Arrangements provide that our Company or JW Shanghai, is obligated to share the losses of our Consolidated Affiliated Entities or provide financial support to our Consolidated Affiliated Entities. Further, our Consolidated Affiliated Entities are companies with limited liabilities and shall be solely liable for their own debts and losses with assets and properties owned by them.

Under PRC laws and regulations, our Company or JW Shanghai, is not legally required to share the losses of our Consolidated Affiliated Entities or provide financial support to our Consolidated Affiliated Entities. Despite the foregoing, given that our Group conducts the Relevant Businesses in the PRC through our Consolidated Affiliated Entities, and that their financial position and results of operations are consolidated into our Group's financial information under the applicable accounting principles, our Company's business, financial condition and results of operations would be adversely affected if our Consolidated Affiliated Entities suffer losses.

### **Insurance**

Our Company does not maintain any insurance policy to cover the risks relating to the Contractual Arrangements.

### **Company's Confirmation**

As of the Latest Practicable Date, our Company had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

## **EFFECT OF THE CONTRACTUAL ARRANGEMENTS**

We believe that the Contractual Arrangements provide a mechanism that enables us to exercise effective control over our Consolidated Affiliated Entities, and is narrowly tailored to achieve our business purposes and to protect and safeguard the interests of our Company and our future public shareholders in the event of any dispute between us, our Consolidated Affiliated Entities and the Registered Shareholders on the following bases:

- (i) the arrangement under the Exclusive Business Cooperation Agreements will ensure that all economic benefits generated from the operations of our Consolidated Affiliated Entities will flow to JW Shanghai whilst ensuring compliance with applicable PRC laws and regulations and to operate such Relevant Businesses which are prohibited to be conducted by foreign investors or foreign owned or invested entities, and hence, is in the best interest of our Group as a whole. The delineation of the assets and staffing

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between JW Shanghai, which shall be responsible for driving key business decision-making process and provide overall business advice and consulting services, and our Consolidated Affiliated Entities, which shall be responsible for the operations of the Relevant Businesses in compliance with relevant PRC laws and regulations, would allow a proper discharge of the respective responsibilities of JW Shanghai and our Consolidated Affiliated Entities under the Contractual Arrangements and also ensure sound and effective operation of our Relevant Businesses in compliance with the Contractual Arrangements and applicable laws and regulations;

- (ii) under the Exclusive Option Agreements, the Registered Shareholders have granted JW Shanghai irrevocable and exclusive right to purchase from the Registered Shareholders all or any part of their equity interest or assets of our Consolidated Affiliated Entities. For further details, please see “— Exclusive Option Agreements” in this section. These provisions enable JW Shanghai or its designee(s) to act as the shareholder(s) of its choice to take over the equity interest or assets in our Consolidated Affiliated Entities at any time and thereby ensuring that our Group will continue to maintain our interest in our Consolidated Affiliated Entities upon the exercise of the right pursuant to the Exclusive Option Agreement;
- (iii) under the Equity Interest Pledge Agreements, the Registered Shareholders have applied for pledging all of their respective equity interest in Shanghai Ju Ming to JW Shanghai. As of the Latest Practicable Date, the equity pledges under the Equity Interest Pledge Agreements of Ms. Jing Lv and Ms. Xing Gao have been registered with the relevant PRC governmental authority. The registered pledges effectively prevent the Registered Shareholders from impeding JW Shanghai’s control over Shanghai Ju Ming by transferring their equity interest in Shanghai Ju Ming to bona fide third parties without JW Shanghai’s knowledge or approval;
- (iv) under the Powers of Attorney, the Registered Shareholders unconditionally and irrevocably appoint JW Shanghai or its designee(s) the power to exercise all the rights that they have as the shareholders of Shanghai Ju Ming. These provisions provide JW Shanghai with the powers to determine or change the composition of the board of directors and management team of Shanghai Ju Ming at any time, which in turn provides JW Shanghai with the power to control Shanghai Ju Ming without the need for any further action or cooperation from the Registered Shareholders and thereby conferring the management control of Shanghai Ju Ming on our Company and our legally-owned subsidiaries;
- (v) under the Spouse Undertaking, the spouse of the relevant Registered Shareholder undertakes not to take any actions to prevent the performances under the Contractual Arrangements; and

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- (vi) we, through JW Shanghai, will only approve and consent to our Consolidated Affiliated Entities carrying out such Relevant Businesses, which would otherwise be prohibited to be carried out by foreign invested entities under the Relevant PRC Regulations so as to ensure that the Contractual Arrangements are narrowly tailored for our business purpose.

### LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Our PRC Legal Advisor conducted an interview with the officer of Shanghai Medical Products Administration ((上海市藥品監督管理局), the “SMPA”) on August 4, 2020 and August 7, 2020, who has provided confirmation that (i) the SMPA is the competent government authority for the Relevant Businesses carried out by Consolidated Affiliate Entities; (ii) the Relevant Businesses involve the development and application of gene diagnostic and therapeutic technologies; and (iii) the execution and performance of the Contractual Arrangements do not require any approval or authorization by it.

Our PRC Legal Advisor conducted an interview with the officer of Shanghai Municipal Commission of Commerce ((上海市商務委員會), the “SMCC”) on July 13, 2020, who has provided confirmation that (i) the SMCC is the competent government authority regulating the foreign investment in Shanghai; (ii) foreign investors are not allowed to invest in the business falling into “prohibited” category within Negative List 2020 in the PRC according to the Foreign Investment Law (the “FIL”); and (iii) the FIL and its implementing rules do not provide any express provisions on contractual arrangements.

Our PRC Legal Advisor are of the view that:

- (i) each of JW Shanghai and Shanghai Ju Ming is an independent legal entity which is duly established and validly existing under the PRC laws;
- (ii) all parties to each of the Contractual Arrangements have qualifications and abilities to duly execute and perform the Contractual Arrangements;
- (iii) none of the agreements under the Contractual Arrangements would be deemed as “concealment of illegal intentions with a lawful form” and void under the Contract Law of the People’s Republic of China ((《中華人民共和國合同法》) (the “**PRC Contract Law**”), or violates any provisions of the articles of association of JW Shanghai or Shanghai Ju Ming;
- (iv) according to the interviews with the SMPA and the SMCC, the execution and performance of the Contractual Arrangements do not require any approvals or authorizations from them; and

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- (v) each of the Contractual Arrangements is valid, legally binding and enforceable under the PRC laws, except that:
  - (a) the exercise of the option by JW Shanghai of its rights under the Exclusive Option Agreements to acquire all or part of the equity interest in or assets of our Consolidated Affiliated Entities may be subject to the approvals of and/or registrations with the PRC regulatory authorities under the PRC laws and regulations (if applicable) in force then; and
  - (b) the Contractual Arrangements provide that the arbitral tribunal may award remedies over the equity interest or assets of our Consolidated Affiliated Entities, injunctive relief (e.g. to compel the transfer of related business or assets) or order the winding up of our Consolidated Affiliated Entities, and that competent courts of the PRC, Hong Kong, the Cayman Islands and other jurisdictions (being the places where the principal assets of our Consolidated Affiliated Entities or JW Shanghai are located) also have jurisdiction for the grant or enforcement of the arbitral award and the interim remedies against the equity interest or property interest of our Consolidated Affiliated Entities. However, our PRC Legal Advisor have advised that the interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. For further details, please see “— Dispute Resolution” in this section.

Based on the foregoing, we believe that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

We have been advised by our PRC Legal Advisor, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not take a view that is contrary to the above opinion of our PRC Legal Advisor. We have been further advised by our PRC Legal Advisor that if the PRC regulatory authorities find that the Contractual Arrangements do not comply with PRC governmental restrictions on foreign investment in the prohibited businesses, we could be subject to several legal liability as follows and without limitation:

- (i) the relevant competent department may order JW Shanghai, Shanghai Ju Ming and its Registered Shareholders to cease the Contractual Arrangements;
- (ii) our Consolidated Affiliated Entities may be ordered to dispose the shares or assets thereof or to take any other necessary measures within a prescribed time limit, and to restore the status before the Contractual Arrangements; and



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(iii) the illegal gains (if any) may be confiscated by the relevant competent department.

The above-mentioned legal liability could have a material adverse effect on our ability to conduct our business. For further details, please see the section headed “Risk Factors — Risks Relating to Contractual Arrangements” in this prospectus.

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company following the completion of the Global Offering, a waiver has been sought from and has been granted by the Stock Exchange. For further details, please see the section headed “Connected Transactions” in this prospectus.

### DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

#### The Foreign Investment Law

The FIL was adopted at the Second Session of the Thirteenth National People’s Congress of the PRC on March 15, 2019 and came into force on January 1, 2020. The FIL replaced the Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law (《外資企業法》), and became the legal foundation for foreign investment in the PRC. For further details, please see the section headed “Regulatory Overview — Laws and Regulations Relating to Foreign Investment” in this prospectus.

The FIL stipulates the implementation of the management systems of pre-establishment national treatment and “negative list” for foreign investment. The “negative list,” issued by or upon approval by the State Council, refers to special administrative measures for access of foreign investment in specific fields in the PRC. A foreign investor shall not invest in any field in the “negative list” which is prohibited from foreign investment. A foreign investor shall meet the investment conditions stipulated under the “negative list” for any field in the “negative list” which is restricted from foreign investment. Concerning fields not mentioned in the “negative list,” management shall be conducted under the principle of consistency between domestic and foreign investment. The FIL does not contain or quote the stipulation of the “negative list.”

The definition of “foreign investors” in FIL includes foreign natural persons, enterprises and other organizations.

Moreover, the FIL does not stipulate that the “foreign investment” as defined thereunder shall include contractual arrangements. Instead, it adds a catch-all provision to the definition of foreign investment so that foreign investment, by its definition, includes “investments through other means stipulated under laws or administrative regulations or by the State Council” without elaboration on “other means.”

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## CONTRACTUAL ARRANGEMENTS

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### Impact of FIL on Contractual Arrangements

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, and has been adopted by our Company in the form of the Contractual Arrangements, to establish control of our Consolidated Affiliated Entities, through which we operate the Relevant Businesses in the PRC. The FIL stipulates four forms of foreign investment, but does not mention concept “actual control”, nor does it explicitly stipulate the contractual arrangements as a form of foreign investment. Besides, it does not explicitly prohibit or restrict a foreign investor to rely on contractual arrangements to control the majority of its business that is subject to foreign investment restrictions or prohibitions in the PRC. Provided that no additional laws, administrative regulations, departmental rules or other regulatory documents on contractual arrangements has been issued and enacted, the coming into effect of the FIL does not, by itself, have any material adverse operational and financial impact on the legality and validity of our Contractual Arrangements.

If the operation of our Relevant Businesses is not on the “negative list” and we can legally operate such businesses under PRC laws, JW Shanghai will exercise the option under the Exclusive Option Agreement to acquire the equity interest of our Consolidated Affiliated Entities and unwind the contractual arrangements subject to re-approval by the relevant authorities.

Furthermore, the FIL stipulates that foreign investment includes “foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council”. Although its implementing rules do not expressly stipulate the contractual arrangements as a form of foreign investment, there are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and Regulations. In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have a material adverse effect on the trading of our Shares. For further details, please see the section headed “Risk Factors — Risks Relating to Contractual Arrangements” in this prospectus.

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## CONTRACTUAL ARRANGEMENTS

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### **Sustainability of our Relevant Businesses**

If any ancillary regulations or implementation rules of the FIL and the negative list subsequently issued mandates further actions for us to retain the Contractual Arrangements, we will take all reasonable measures and actions to comply with the FIL or such ancillary regulations or implementation rules then in force and to minimize the adverse effect of such laws on our Company. However, there is no assurance that we can fully comply with such law. In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have material adverse effect on the trading of our Shares. If, after the Global Offering, we fail to comply with the new foreign investment law as finally promulgated, we may be required to dispose of our Relevant Businesses operated through our Consolidated Affiliated Entity under the Contractual Arrangements or make necessary corporate structure adjustments so as to comply with the new foreign investment law as finally promulgated.

In the worst case scenario, if any new foreign investment law subsequently promulgated is refined or deviates from the FIL, resulting in the Contractual Arrangements becoming invalid and illegal, we may not be able to operate the Relevant Businesses through the Contractual Arrangements and may lose our rights to receive the economic benefits of the Consolidated Affiliated Entities and the financial results of the Consolidated Affiliated Entities may no longer be consolidated into our Group's financial results and we would have to derecognize their assets and liabilities according to the relevant accounting standards. If our Group does not receive any compensation, an investment loss would be recognized as a result of such derecognition.

Nevertheless, considering that a number of existing entities are operating under contractual arrangements and some of which have obtained listing status abroad, our Directors are of the view that it is unlikely, if any ancillary regulations or implementation rules of the FIL is promulgated, that the relevant authorities will take retrospective effect to require the relevant enterprises to remove the contractual arrangements. However, there is no guarantee that the PRC government will not take a relatively cautious attitude towards the supervision of foreign investments and the enactment of laws and regulations impacting them and make decisions according to different situations in practice.

Our Company will, after the Global Offering, timely announce (i) any updates or material changes to any ancillary regulations or implementation rules of the FIL that will materially and adversely affect us as and when they occur and (ii) in the event that any ancillary regulations or implementation rules of the FIL or any new foreign investment law has been promulgated, a clear description and analysis of law, specific measures adopted by our Company to comply with the law (supported by advice from PRC legal advisor), as well as its material impact on our business operation and financial position.

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## CONTRACTUAL ARRANGEMENTS

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### ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

According to IFRS 10 — Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although our Company does not directly or indirectly own our Consolidated Affiliated Entities, the Contractual Arrangements as mentioned above enable our Company to exercise control over our Consolidated Affiliated Entities.

#### **Consolidation of financial results of our Consolidated Affiliated Entities**

Under the Exclusive Business Cooperation Agreements, it was agreed that, in consideration of the services provided by JW Shanghai, our Consolidated Affiliated Entities will pay services fees to JW Shanghai. The services fees shall be reasonably determined by JW Shanghai based on certain factors, including, among other things, complexity and difficulty of such services, time commitment to such services, actual service scope and the market price of the same type of services. Apart from the service fee, if JW Shanghai transfers, licenses or develops technology for our Consolidated Affiliated Entities, or leases equipment or properties to our Consolidated Affiliated Entities, such fee shall be determined by JW Shanghai and our Consolidated Affiliated Entities separately. JW Shanghai also has the right to periodically receive or inspect the accounts of our Consolidated Affiliated Entities. Accordingly, JW Shanghai has the ability, at its sole discretion, to extract substantially all of the economic benefit of our Consolidated Affiliated Entities through the Exclusive Business Cooperation Agreements.

In addition, under the Exclusive Option Agreements, JW Shanghai has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of our Consolidated Affiliated Entities as JW Shanghai's prior written consent is required before any distribution can be made. In the event that the Registered Shareholders receive any profit distribution or dividend from our Consolidated Affiliated Entities, the Registered Shareholders must immediately pay or transfer such amount to our Company.

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## **CONTRACTUAL ARRANGEMENTS**

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As a result of these Contractual Arrangements, our Company has obtained control of our Consolidated Affiliated Entities through JW Shanghai and, at our Company's sole discretion, and can receive substantially all of the economic interest returns generated by our Consolidated Affiliated Entities. Accordingly, our Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows are consolidated into our Company's financial information.

In this regard, our Directors consider that our Company can consolidate the financial results of our Consolidated Affiliated Entities into our Group's financial information as if it was our Company's subsidiary.

### **COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS**

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (i) as part of the internal control measures, major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (ii) our Board, particularly our independent non-executive Directors, will review the overall performance of and compliance with the Contractual Arrangements at least once a year, and the confirmation from our independent non-executive Directors will be disclosed in our annual report;
- (iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports and interim reports to update the Shareholders and potential investors;
- (iv) our Company and our Directors undertake to provide periodic updates in our annual and interim reports regarding (a) our status of compliance with the FIL, and (b) the latest regulatory development in relation with the FIL;
- (v) our Company will engage external legal advisors or other professional advisors, if necessary, to assist our Board to review the implementation of the Contractual Arrangements, review the legal compliance of JW Shanghai and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements;

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## CONTRACTUAL ARRANGEMENTS

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- (vi) because the Contractual Arrangements will constitute continuing connected transactions of our Group following the completion of the Global Offering, our Company has applied to the Stock Exchange, and the Stock Exchange has agreed to grant a waiver, details of which are set out in the section headed “Connected Transactions — Non-exempt Continuing Connected Transactions — Contractual Arrangement” in this prospectus. Our Company will comply with the conditions to be prescribed by the Stock Exchange under the waiver given; and
  
- (vii) our Group will adjust or unwind (as the case may be) the Contractual Arrangements as soon as practicable in respect of the operation of the Relevant Businesses to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations which allow the Relevant Businesses to be conducted and operated by owned subsidiaries of our Company without such arrangements in place.